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February 28, 2008

The Honorable Max Baucus  
Chairman  
United States Senate  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Charles Grassley  
Ranking Member  
United States Senate  
Committee on Finance  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Baucus and Grassley,

I write in response to your letter of January 25, 2008 concerning the cost of higher education and university endowments. I have asked several Duke offices to address your questions, and those responses are attached. I also want to express Duke's appreciation for this opportunity to provide you with specific information about the university's endowment policies.

In doing so, it is important to understand the principles that undergird Duke's educational and financial policies, as well as the history of this institution. Duke is a relatively young university, having been founded in 1924 with a generous \$40 million endowment gift from industrialist James B. Duke. It has always been committed to providing high-quality education to every student who enrolls here.

Duke University's Board of Trustees has legal responsibility under the charter of the university to manage all aspects of the institution. The trustees exercise this responsibility with great care and commitment both to the excellence of the institution's academic programs and as fiscal stewards, ensuring that Duke will have the necessary resources to educate today's students and future generations at the same – or an increasing – level of quality. Duke enrolls close to 13,000 undergraduate, graduate, and professional students, and employs nearly 35,000 people, with its payroll being the largest of any private enterprise in North Carolina.

Duke's primary commitment to provide a world-class educational experience, including outstanding teaching of its students, assumes close collaboration between faculty and students. It relies on the university's endowment, among other resources, to provide support to the budget to achieve this commitment. Duke's student-faculty ratio is 8:1, improved from 9.6:1 more than a decade ago, thanks to a deepening of our faculty with support from the endowment. In addition to close interactions between students and faculty, we offer our students (and faculty) world-class libraries, state-of-the-art technologies and laboratories, museums and performance facilities, and modern classroom spaces that individually and collectively contribute to the very best teaching and learning. Our students also have opportunities to participate in a wide range of programs from study abroad and Division I athletics to extensive personal-growth opportunities in leadership and community engagement. For example, with support from gifts to the endowment, in 2007 Duke announced the launch of "DukeEngage," a program that offers every Duke student – including those who receive financial aid – eligibility for financial support to undertake an intensive service activity in the U.S. or across the globe.

Duke is the youngest research university in the top ten of *U.S. News & World Report's* annual rankings. As such, it has not had the years to strengthen its financial underpinnings, including long-term endowment growth, that characterize the older institutions with which it competes for faculty and students. Duke has managed its financial resources, and particularly its endowment, strategically. The university's objective is to grow the endowment through both private support and strategic spending strategies that help fund current investments in programs and people while permitting reinvestment of endowment revenues to ensure that future generations will be supported at least similarly. Duke's spending and reinvestment policies are designed to make long-term commitments to existing faculty and to retain and attract new faculty to teach and to conduct path-breaking research.

It is important to recognize that under Duke's current strategic plan, *Making a Difference*, the university is making major investments in entire fields of inquiry that literally didn't exist as recently as a few decades ago. Duke's ability to attract and support the best faculty in such fields as nanotechnology, genomics, neuroscience, and environmental sustainability and policy requires the flexibility that is enabled by a growing and strategically managed endowment. So do the research facilities, technologies, and educational programs we offer students at all levels. Duke undergraduates today take courses with the very best researchers in these fields, many of whom teach freshman courses, because Duke's endowment strategies have helped provide financial flexibility to support new academic initiatives and faculty deepening.

The university also gives very high priority to offering access to promising young people regardless of their socioeconomic backgrounds. Our diverse undergraduate student body is admitted without regard to a family's ability to pay the tuition and fees associated with the student's education. Through careful analysis, we determine a student's need and then commit to provide financial aid packages that make a Duke education affordable.

Page three

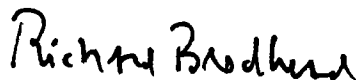
Recognizing the importance of providing access to a diverse socioeconomic population, Duke has long held a policy that increases in its tuition are accompanied by a greater rate of increase in financial aid. Today, more than 40 percent of Duke undergraduates receive grant aid, with the average grant from endowment and other institutional sources nearly \$25,000.

One of my early initiatives was to increase endowment directed to support financial aid. In December 2005 I announced Duke's Financial Aid Initiative, a \$300 million effort <http://development.duke.edu/fai/>. In December 2007, we announced trustee-approval of an enhanced financial aid program made possible in part by the success of that initiative, as well as recent success in investing Duke's endowment. The new program addresses affordability for students from both lower- and middle-income families. Starting with the 2008-09 academic year, Duke will eliminate parental contributions for families that make less than \$60,000 a year, and make it possible for students from families with incomes below \$40,000 to graduate debt-free. Duke also will reduce loans for students and families with incomes up to \$100,000 and will cap loans for eligible families with incomes above that level. Information about this new program <http://news.duke.edu/2007/12/financialaid.html> was shared with your respective staff members in December.

The Board of Trustees regularly reviews the programmatic and financial commitments needed to achieve objectives in the university's long-term strategic academic plan. Based on assumptions about future market conditions, projected current needs, and past performance, the trustees determine endowment spending rates. For example, last spring the trustees decided to spend a larger percentage of the university's endowment to fund current activities. With strong trustee and administrative oversight, we believe Duke has the appropriate policies and governance structures in place to assess and monitor endowment decisions consistent with the trustees' legal fiduciary responsibility to manage the university.

On the following pages, you will find the answers to the specific questions posed in your letter. Please feel free to contact my office or Associate Vice President for Federal Relations Christopher Simmons at 919/668-6270 if you need clarification or additional information.

Sincerely,



Richard H. Brodhead

Enclosure

**ANSWERS TO QUESTIONS POSED  
BY CHAIRMAN BAUCUS  
AND RANKING MEMBER GRASSLEY  
OF THE  
UNITED STATES SENATE  
COMMITTEE ON FINANCE**

- 1) Please provide the number of undergraduate and graduate students year-by-year for the last ten years.

*Student Count for Full-time, Degree-seeking Students at Duke University*

Year	Undergraduate	Graduate and Professional
1998	6,207	4,784
1999	6,207	5,100
2000	6,136	5,299
2001	6,039	5,392
2002	6,036	5,806
2003	6,065	5,625
2004	6,092	6,235
2005	6,244	6,727
2006	6,214	6,612
2007	6,247	6,631

- 2) Please provide the total cost of undergraduate tuition (including all fees) -- both sticker and average, mean and median -- year-by-year for the last ten years. Please provide the amount of tuition assistance (not including loans or work study) that the university has provided to undergraduate students year-by-year for the last ten years. For the most recent year, please provide the percentage of students receiving university grants (for example 25%; 50%; 75% and 100% of tuition and fees). Please provide the average grant amount.

*Undergraduate Cost of Attendance at Duke University Over the Last Ten Years*

Year	Sticker Price of Tuition and Mandatory Fees	Average Discounted Tuition and Fees for all Students	Average Discounted Tuition for Aided Students
	\$	\$	\$
1997-98	22,173	15,821	7,902
1998-99	23,884	16,891	10,293
1999-00	24,751	18,080	10,421
2000-01	25,630	18,360	8,925
2001-02	26,768	19,393	9,438
2002-03	27,844	19,611	8,724
2003-04	29,345	20,133	8,521
2004-05	30,720	21,069	8,682
2005-06	32,409	21,992	8,922
2006-07	33,963	22,948	9,096
2007-08	35,512	Not Final	Not Final

*Tuition discounted by need, merit, and athletic grants to undergraduate students by the university*

***Institutional Grant Aid to Undergraduate Students***

<b>Year</b>	<b>Total \$M</b>
1997-98	33.4
1998-99	33.9
1999-00	34.0
2000-01	37.9
2001-02	43.1
2002-03	49.0
2003-04	55.4
2004-05	59.1
2005-06	64.9
2006-07	67.6
2007-08 budget	73.3

*\* Includes need, merit, and athletic grants to undergraduate students by the university.*

Duke is a need-blind institution, so the percentage of undergraduate students receiving financial aid varies from year to year based on the economic circumstances of our entering students.

***Percentage of Students Receiving Duke University Grants in the Most Recent Year***

	<b>For 2006/2007</b>	
	<b>Count</b>	<b>%</b>
Students Receiving University Grants	2,735	42

*\*Includes need, merit, and athletic grants to undergraduate students by the university*

***Average Grant Award for Aided Students***

<b>Source</b>	<b>For 2006/2007</b>	
	<b>Grant (\$M)</b>	<b>Average Grant (\$)</b>
University Sources	67.6	24,731
Non-university Sources	<u>10.3</u>	<u>3,768</u>
<b>Total</b>	77.9	<b>28,499</b>

*Tuition discounted by need, merit, and athletic grants to undergraduate students by the university*

**3) Please explain your university’s financial aid policy. How do you inform students and parents of that policy? What outreach efforts does your university take to recruit potential low-income students? How is low-income defined? What is the amount spent on these efforts?**

Duke University is an institution committed to need-blind admissions and meeting 100% of each U.S. student's demonstrated need. These long-standing policies serve as the cornerstones for our financial aid program; continuous improvement remains as our primary goal and focus.

Over the course of the last few years, the university has focused on strengthening its need-based aid awards in ways that provide additional support to low- and middle-income students. The university has launched a significant fund-raising campaign specifically designed to raise endowment to support aided students. Other enhancements over time have included:

- “Jump-start” packages are offered to low income students that provide funding to support very basic college start-up needs including sheets, desk lamps, and other personal items they are not likely able to bring from home.
- First-year earnings requirements are waived for students with particularly low incomes.
- In an effort to provide needy students access to the full Duke experience, miscellaneous expense allocations have been increased substantially over time.
- The university offers a limited number of need-based aid packages to low-income international students.
- In an effort to support low-income students with difficult family circumstances, the university has increased efforts and funding to waive the support of non-custodial or other uninvolved parents in individual cases.
- Students are now offered one summer of earnings forgiveness to support study or internships. Forgiven earnings requirements are replaced with institutional grant funding.
- In cases where a dean attests to the fact that a low-income student has struggled academically, the university now provides additional time and need-based financial aid support for degree completion.

While complying with all applicable Federal Title IV regulations, we use the new 568 Presidents' Group “Consensus Approach to Determining Parental Ability to Pay” to calculate parent contributions and ultimately aid eligibility. Instituted in the fall of 2003, this new methodology includes a number of innovative provisions designed to reduce applicant families’ expected contributions, including:

- Assessing student assets accumulated by parents as family assets rather than as student assets. This provision significantly lowers the amount families are expected to contribute from these saved resources.
- Increased cost-of-living allowances based on a family’s location.

- Unlike the Federal Methodology (FM), institutional methodologies continue to view home ownership as indicative of a family's overall financial strength. While we agree, as a general principle, with the value of home equity inclusion, we have adopted the "Consensus Approach" methodology, which significantly reduces the impact of home equity in need-analysis.
- Additional support for families without formal retirement plans.
- Formal consideration of family debt accumulated for prior student and parent educational support.
- Development of a new methodology for judging international student aid eligibility.
- A detailed professional judgment manual.

Most recently, the university has announced a number of financial aid program enhancements designed to reduce or eliminate contributions from low-income families and eliminate or reduce loan requirements across the breadth of the student aid pool. These provisions include:

- Parents of undergraduate financial aid recipients with calculated annual incomes less than \$60,000 will not be expected to contribute to their children's educational expenses.
- Students from families with calculated annual incomes of less than \$40,000 will have loans replaced by grants.
- Students from families with calculated annual incomes between \$40,000 and \$100,000 will have their loan packages reduced. Students from families in the \$40,000 to \$55,000 range will be offered a \$1,000 loan annually; those in the \$55,000 to \$70,000 range will be offered a \$2,000 loan annually; those in the \$70,000 to \$85,000 range will be offered a \$3,000 loan annually; those in the \$85,000 to \$100,000 range will be offered a \$4,000 loan annually.
- Students from families eligible for aid with calculated annual incomes above \$100,000 will be offered a \$5,000 loan annually.
- Students receiving financial aid with loan packages will no longer be expected to assume a \$500 loan increase with each year of enrollment, unless there is a change in family circumstances. Their loans will be fixed for each year, amounting to a savings of \$1,500 over four years.
- Currently all financial aid packages contain housing allowances based on the rate for a double, non-air conditioned room. Starting in the fall of 2008, students will receive allowances for their actual housing costs.
- Duke has recently affirmed its membership in the Independent 529 Plan. The university's participation in this plan will serve to address tuition inflation by providing tuition discounts to those families who save for college through the Independent 529 Plan.

Representatives of the university annually visit over 700 secondary schools, conduct over 150 programs off-campus, and host over 400 programs and information sessions on-campus for prospective students and their parents. Off-campus programs in particular are

located in large and small metropolitan areas in order to attract students from every economic background. Every student on our mailing list and every local high school are notified of these programs. In addition, alumni represent the university at several hundred college fairs. Printed information about need-based financial aid and merit scholarships is available at each program and to each of our 20,000 annual visitors, and is mailed to roughly 60,000 U.S. high school seniors. We are also mailing information about our new financial aid programs to at least one thousand high schools with high-ability, low-income students. The amount spent on these efforts is between \$500,000 and \$800,000 a year.

Through a variety of outreach programs the financial aid office encourages students to apply for need-based aid. An ever expanding array of financial aid publications and brochures is forwarded to prospective students and parents. As prospective and current students become more computer dependent, we have found that our website provides a particularly important platform to reach out to low- and moderate-income students. In recent years we have added a tool through which students and parents can simulate, with our assistance, the various ways in which they can make Duke affordable. The director regularly writes to prospective students detailing the variety of supportive aid programs guaranteed to make Duke University accessible. Experienced aid officers are available to participate in college nights and to speak to students and guidance counselors about student aid at Duke. The director's participation in the North Carolina College Foundation's state-wide federal application (FAFSA) "Completion Saturday" is an example of this outreach. Moreover, the director of financial aid often presents a "Paying for College Seminar" for middle school students and parents around the country.

**4) Who determines and decides when tuition increases are necessary? What is the process for making this decision? Does the full Board of Trustees vote on tuition increases? Are students, parents and the public provided an opportunity to comment on tuition increases prior to final decisions being made? What role does your university endowment play in providing financial assistance to students?**

The deans of the several schools of the university are responsible for recommending tuition and fees for their respective programs in the context of their overall responsibility for ensuring academic quality, affordability, and fiscal balance.

Following a process endorsed by the Business and Finance Committee of the board of trustees, the provost solicits tuition and fee recommendations from each dean as part of the annual budget process. Recommendations address four factors: Duke's commitment to affordability (Duke's fundamental commitment to effective financial aid programs that enable admitted students to meet the costs of a Duke education); programmatic needs (the resources needed to sustain and improve academic quality in a competitive environment); market factors (relative tuition ranking, strength of student demand); and alternative revenue sources (access to resources from endowment income, annual gifts, sponsored research, executive education, etc.). After review by the provost and executive vice



president, tuition recommendations are reviewed by the president before being presented to the board of trustees.

The tuition recommendations are reviewed in detail by the Business and Finance Committee and voted on by the full board as part of the annual budget process.

Prior to the trustees-level discussion regarding tuition, the recommendations are reviewed by the University Priorities Committee, a faculty-led advisory committee that includes undergraduate and graduate student representation. In addition, undergraduate and graduate students serve as members of the Business and Finance Committee.

Endowments support some financial aid in each of the schools of the university. In all cases endowment income is supplemented by other university resources to ensure that each program's financial aid objectives are met. At the undergraduate level, this includes a long-standing commitment to need-blind admissions and meeting full demonstrated need for U.S. students.

- 5) Please explain how your university's endowment is managed and the role of the Board of Directors? What are your university's endowment payout and investment policies? What is the mission of your university's endowment? When was the last time that the university's endowment policy was reviewed? When will it next be reviewed?**

Duke University's investment assets are managed by a nonprofit controlled affiliate of the university, DUMAC, LLC (DUMAC) (see: <http://www.dumac.duke.edu/> for more information). DUMAC is controlled by the university's trustee Executive Committee, which appoints its directors and president and approves by-law changes and DUMAC's annual operating budget. The DUMAC board is comprised of a mix of Executive Committee members and seasoned investment professionals. DUMAC manages the assets under a trustee-approved investment policy that, along with signatory resolutions, comprises the university's delegation of authority to DUMAC's Board of Directors.

The spending policy (payout) is expressed in terms of dollars per unit or share of the university's Long Term Pool. The endowment spending rate per unit is calculated as 5.5% of the average of the Long Term Pool unit market value for the previous three calendar year ends, subject to a 10.0% maximum annual growth in per unit spending. The university's trustee Business and Finance Committee reviews the spending policy annually in the spring. Any deviation from the policy requires this committee's approval.

***Duke Investment Policy Long-Term Targets***

<b>Asset Class</b>	<b>Target</b>
	<b>%</b>
Global Equity	22
Hedged Strategies	31
Private Capital	9
Real Assets	18
Inflation Sensitive	5
Fixed Income	15
Opportunistic	0
Total	100

The university's endowment investment policy was last reviewed in July 2006. It will be reviewed again sometime after 2009.

The mission of the endowment is to support the university's activities in perpetuity while maintaining intergenerational equity.

- 6) **Please provide the year-by-year net growth of the university's endowment for the last ten years (in both percentage and dollars). What is the amount of donations the endowment has received year by year for the last ten years? Please provide the percentage of investment in each asset class (equity, fixed income, hedge funds, private equity, venture capital, etc.) and the amount invested outside the United States.**

***Year-by-year Net Growth of Duke University's Endowment for the Last Ten Years***

<b>Year</b>	<b>Dollar Growth (\$M)</b>	<b>Growth %</b>
1997-1998	347.63	23.3
1998-1999	349.19	19.0
1999-2000	1,043.53	47.7
2000-2001	(100.67)	-3.1
2001-2002	(203.90)	-6.5
2002-2003	89.78	3.1
2003-2004	296.60	9.8
2004-2005	512.29	15.5
2005-2006	671.57	17.6
2006-2007	1,412.56	31.4

***Amount of Donations to the Duke University Endowment Year-by-year for the Last Ten Years***

<b>Year</b>	<b>Gifts &amp; Other (\$M)</b>
1997-1998	44.63
1998-1999	60.36
1999-2000	74.02
2000-2001	46.23
2001-2002	65.65
2002-2003	89.38
2003-2004	52.40
2004-2005	67.95
2005-2006	110.08
2006-2007	144.50

***Percentage of Investment in Each Asset Class as of 31 December 2007***

<b>Asset Class</b>	<b>% of investment</b>
Global Equity	29
Hedged Strategies	36
Private Capital	12
Real Assets	11
Inflation Sensitive	5
Fixed Income	7
Opportunistic	0
Total	100

The amount invested outside the U.S. is approximately 40% of total assets.

- 7) Please explain how you determine what is considered part of the university endowment. In other words, how is your endowment defined? Are there any other long term investments that are not included in the endowment as reported to NACUBO? If so, what are they and what are their values?**

For Generally Accepted Accounting Principles (GAAP) purposes, an endowment includes cash, securities, or other assets held to provide income for the operation and maintenance of the university. There are three types of endowments: permanent, term, and quasi endowments. A permanent endowment refers to amounts that have been contributed with donor-specified restrictions that the principal be invested in perpetuity; income from those investments may also be restricted by the donor. A term endowment is similar to a permanent endowment, except that at some future time or upon the occurrence of a specified future event, the resources originally contributed become available for unrestricted or purpose-restricted use by the university. A quasi endowment refers to resources designated by the university's governing board to be retained and invested for specified purposes for a long but unspecified period.

For NACUBO purposes, the university adds the value of its interest in perpetual trusts to the total endowment as defined by GAAP.

The university holds working capital that it does not expect to use in the near future, as well as certain charitable remainder funds in long-term investments. As of June 30, 2007, the total of such investments was approximately \$2.8 billion (approximately \$2.7 billion of working capital and approximately \$0.1 billion of charitable remainder funds).

**8) What has been the cost of management of the endowment year-by-year for the last ten years?**

*Cost of Managing Duke's Long-Term Investments (Endowment and the \$2.8 Billion Described Above) for the Last Ten Years*

Year	Internal (\$M)	External (\$M)
1998	4.80	7.23
1999	5.14	7.81
2000	5.95	8.94
2001	6.88	11.49
2002	7.36	10.63
2003	7.29	8.84
2004	6.68	10.12
2005	7.50	12.97
2006	9.40	13.26
2007	10.26	10.92

*\*External fees are only those paid directly*

**9) What was the payout (both in dollars and percentage) from the endowment year-by-year for the last ten years? What is the targeted payout (in percentage) from the endowment year-by-year for the last ten years? If either the actual and/or targeted payout is below 5%, please explain how this meets the needs of the current student body. If there is a material variation between actual and targeted, please explain. What were the top 10 major expenditures from the endowment last year?**

*The Payout from the Endowment at Duke University for the Last Ten Years*

Year	(\$M)	% of Beginning Market Value
1997-1998	48.22	4.3
1998-1999	54.51	4.0
1999-2000	59.13	3.5
2000-2001	82.48	3.1
2001-2002	92.93	3.7
2002-2003	117.21	4.9
2003-2004	114.40	4.6
2004-2005	119.60	4.3
2005-2006	132.32	4.1
2006-2007	149.39	3.9
2007-2008*	207.02	4.0

*\*Estimated*

The spending policy is expressed in terms of dollars per participation unit of the university's Long Term Pool. The endowment spending rate per unit is calculated as 5.5% of the average of the Long Term Pool unit market value for the previous three calendar year ends, subject to a 10.0% maximum annual growth in per unit spending. This maximum annual growth has been set as follows:

***The Maximum Annual Growth in Per Unit Spending for the Last Ten Years***

<b>Year</b>	<b>Maximum Annual Growth</b>
	<b>%</b>
1997-2000*	n/a
2000-2001	n/a
2001-2002	10.0
2002-2003	10.0
2003-2004	3.0
2004-2005	3.0
2005-2006	5.0
2006-2007	5.0

\* For FY 1997-1998, FY 1998-1999 and FY 1999-2000, the spending rate per unit followed a transition plan to a spending rate of 5.0% of the average of the Long Term Pool unit market value for the previous three calendar year ends without a maximum annual growth limitation.

Since FY 1997-1998, the payout rate per unit has followed the formula discussed above.

***Top Ten Major Expenditures from the Endowment in 2007***

Instruction/Research/Professorships
Student Aid
General Operations
Special Programs
Libraries
Sponsored Research
Duke University Health System
Student Services
Operations & Maintenance of Plant
Training Programs

- 10) How much of the endowment is subject to permanent spending restrictions or limitations set by the original donor? Of the portion subject to permanent limitations, what percentage is restricted for need-based scholarships? What portion is restricted for undergraduate financial aid? Please provide the top five types of restrictions on the endowment by category. What percentage of the endowment is subject to significant limitations placed on it due to a decision by the board (or a subcommittee of the board) or a college or university official – such as a set-aside for a specific program? Please provide the investment return to the endowment year-by-year for the last ten years.**

As of June 30, 2007, \$3.9 billion of Duke’s endowment was subject to permanent spending restrictions or limitations set by the original donor; \$1.1 billion was restricted for financial aid. Of the \$3.9 billion subject to limitations, 8.18% was restricted for need-based scholarships for undergraduates. Nearly 16% (15.98%) was restricted for undergraduate financial aid.

The top five types of restrictions are for instructions/research/professorships, general operations, student aid, special programs, and libraries. Just under a third of our endowment (33.26%) is subject to a limitation placed on it due to a decision from the board or by a university official.

***Investment Return to the Endowment for the Last Ten Years***

<b>Fiscal Year</b>	<b>Return</b>
	<b>%</b>
1998	20.3
1999	23.1
2000	58.8
2001	-4.6
2002	-3.8
2003	6.6
2004	18.0
2005	18.1
2006	20.2
2007	25.6

*Note that returns are after deduction of external investment manager fees and carry.*

- 11) **Please explain the fee arrangement to investment advisors. How is the fee and compensation measured and determined? What is the process to review reasonableness of the fee and compensation and what comparables are used? Who reviews and approves the fee? Who pays the fee (the endowment, general funds)? Please explain what relationship, if any, exists between endowment size and/or growth and the compensation given to the college or university president and the endowment manager. Please list what endowment-related bonuses, if any, either the college or university president or the investment manager has received year-by-year for the last ten years.**

DUMAC operates on a cost reimbursement basis. External managers are typically paid a management fee ranging from 0.08% to 2.5%. Some managers also get carry -- a percentage of profits (or profits over a specified rate). That percentage ranges from 15% to 30%.

DUMAC's budget is reviewed by the DUMAC Board of Directors and the Duke Board of Trustees Executive Committee. External manager fees are reviewed by staff, with oversight from by the DUMAC board, and are evaluated against the manager's expected operating cost and prevalent market rates for that manager's strategy. Carry is evaluated against prevailing rates for the manager's strategy and the manager's expected performance (i.e. return to Duke after carry). The fees are paid by the endowment.

There is no relationship between endowment growth and the compensation of the president of the university.

There is a relationship between endowment growth and compensation given to the endowment manager. At DUMAC, there is an incentive compensation program that grants awards to its president (the endowment manager) based on the 3-year return of Duke's investment pool relative to the policy benchmark return and peer institutions' returns.

***Investment Manager Incentive Awards for the Last Ten Years***

<b>Year</b>	<b>Amount Awarded*</b>
	<b>\$</b>
1998	227
1999	235
2000	324
2001	337
2002	348
2003	475
2004	525
2005	1,220
2006	1,509
2007	1,243

*\*Dollars in thousands*